



County of Los Angeles CHIEF EXECUTIVE OFFICE

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March 19, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

SACRAMENTO UPDATE

Executive Summary

This memorandum contains a pursuit of County position on SBX1 3 (Hernandez), which would establish a Bridge Plan to require the California Health Benefits Exchange, Covered California, to offer health care plans for low-income persons previously enrolled in Medi-Cal or the Healthy Families Programs, and for other qualified persons with incomes up to 200 percent of the Federal Poverty Level. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals to ensure that the coverage expansion includes mechanisms that protect existing patient-provider relationship from unnecessary disruption and ensure continuity of care, **the Sacramento advocates will support SBX1 3.**

Pursuit of County Position on Legislation

SBX1 3 (Hernandez), which as amended on March 6, 2013, would establish a Bridge Plan which would require the California Health Benefits Exchange (Exchange), Covered California, to offer health care plans for low-income persons previously enrolled in Medi-Cal or the Healthy Families Programs, and for other qualified persons with incomes up to 200 percent of the Federal Poverty Level (FPL).

"To Enrich Lives Through Effective And Caring Service"

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Under the Federal Affordable Care Act (ACA), states have the option to create a Basic Health Plan (BHP) to provide health coverage to legal residents with incomes between 133 percent and 200 percent of the FPL, and legal immigrants with incomes below 133 percent FPL, who are ineligible for Medicaid, as an alternative to these individuals obtaining coverage through the Health Benefits Exchange. BHP enrollees would receive services that are at least equal to the essential health benefits provided under the Exchange with the same or lower premiums and cost sharing. To finance the BHP, the State would receive Federal funding equal to 95 percent of the subsidies that enrollees would receive through the Exchange. However, no state has enacted BHP legislation or submitted a request to the U.S. Department of Health and Human Services (HHS) to exercise the BHP option, largely because HHS has not yet issued regulations or other detailed guidance.

On December 10, 2012, the Centers for Medicare and Medicaid Services (CMS) issued comments to Frequently Asked Questions on Medicaid Bridge Plans. CMS indicated that a state-based Exchange could certify a Bridge Plan to allow individuals transitioning from Medicaid or the Children's Health Insurance Program (Healthy Families) coverage to the Exchange to stay with the same health care issuer and provider network. A Bridge Plan also could allow family members to be covered by a single insurer with the same provider network. CMS indicated that this approach is intended to promote continuity of coverage between Medicaid or the Child Health Insurance Program and the Exchange.

As amended, SBX1 3 would establish California's Medicaid Bridge Plan. The measure cites legislative intent for the Exchange to provide continuous, quality, affordable health care coverage for low-income persons moving from Medi-Cal or Healthy Families to the Exchange due to changes in their household income. The measure would require the Exchange to contract with health care plans that meet the following requirements:

- 1) Medi-Cal managed care plans that are contracted with the California Department of Health Care Services;
- 2) Qualified health care plans which meet minimum requirements to contract with the Exchange pursuant to provisions of the Federal Affordable Care Act of 2010 and existing State law.

Persons eligible for coverage under a Bridge Plan would include: 1) individuals terminated from the Medi-Cal or Healthy Families Program; 2) members of a Modified Adjusted Gross Income (MAGI) household, such as parents, in which there are Medi-Cal beneficiaries or Healthy Families enrollees; and 3) persons eligible for coverage under the Exchange with a household income up to 200 percent of the

Federal Poverty Level. Former Medi-Cal beneficiaries and Healthy Families enrollees, as well as qualifying members of the household, would only be eligible for Bridge Plan coverage provided by the managed care provider plan or health care insurer through which the individual was previously enrolled.

This office notes that the Bridge Plan would provide continuity of health care coverage for individuals who lose Medi-Cal coverage by requiring that coverage be provided through the same managed health care plans which serve Medi-Cal enrollees. SBX1 3 also would simplify the enrollment and eligibility determination process and could reduce the number of families (e.g., those with mixed citizenship/immigration status) in which family members must be covered under differing managed health care plans (one for Medi-Cal enrollees and another for Exchange enrollees). This measure is sponsored by the Administration. As contained in his January FY 2013-14 Proposed Budget, Governor Brown proposed that the Exchange contract with Medi-Cal managed care plans to provide health coverage for low-income persons earning between 138 and 200 percent of the Federal Poverty Level who will not be eligible to Medi-Cal when the program is expanded.

According to the Department of Health Services (DHS), SBX1 3 is consistent with the Department's mission to transform ambulatory care in Los Angeles County. In preparation for the January 1, 2014 implementation of the Medi-Cal expansion, DHS has enrolled approximately 230,000 patients into the Low-Income Health Program through Healthy Way LA. DHS also states that it has assigned approximately 270,000 insured and uninsured patients with a medical home where their health care needs are met in a patient-focused, provider team-centered approach, which includes a primary care physician, nurse practitioner, and other allied health professionals to ensure that every patient's individual needs are fully met. SBX1 3 would allow these persons to retain their existing Medi-Cal managed health care plan.

The Department of Public Health (DPH) indicates that persons who lose Medi-Cal benefits due to income fluctuations may choose to forego seeking coverage under the Exchange because, even with subsidies, the cost of coverage may still be too high. DPH notes that individuals who forego coverage will burden the County's health care safety net system with needs for both emergency medical services and more expensive and intensive care if behavioral health conditions, such as substance use disorders (SUD), are untreated. These individuals may also forego seeking access to preventive care and communicable disease treatment services, which may place additional burden on DPH's tuberculosis control and immunization services, as well as other community health services provided through the Department's public health clinics. DPH reports that the availability of a Bridge Plan would maintain continuity of coverage for SUD and

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other services for individuals and their families and minimize negative health consequences should they lose eligibility for Medi-Cal or employer-sponsored insurance.

This office and the Departments of Health Services and Public Health recommend a support position on SBX1 3. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals to ensure that the coverage expansion includes mechanisms that protect existing patient-provider relationship from unnecessary disruption and ensure continuity of care, **the Sacramento advocates will support SBX1 3.**

SBX1 3 is sponsored by the California Health and Human Services Agency and supported by: L.A. Care Health Plan; the California Association of Public Hospitals and Health Systems; California State Association of Counties; California Hospital Association; California Primary Care Association; March of Dimes, California Chapter. The Western Center on Law and Poverty, National Health Law Program and California Immigrant Policy Center support SBX1 3 with amendments. There is no registered opposition on file.

This measure is scheduled for a hearing in a Special Session of the Senate Health Committee on March 20, 2013.

We will continue to keep you advised.

WTF:RA
MR:VE:ma

c: All Department Heads
Legislative Strategist
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